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MEMORANDUM FOR: Director, Program and Budget Staff  
Executive Officer, IC Staff

FROM: GDIP Program Monitors  
Program and Budget Staff

SUBJECT: Memorandum for the Record: 27 June Meeting  
on GAO Study of Threat Estimation Process

1. MGEN Peck, Director of Intelligence and Space Systems in the office of the DUSD(P), hosted a meeting in the Pentagon on 27 June for the purpose of defining a GAO request to study the threat estimation process and how estimates are used in system acquisition. GAO sent three representatives; MGEN Peck (through his action officer, Larry Lancaster) invited about 25. We noted representatives of DIA, the Services (both intelligence and systems acquisition), DoD legislative liaison, and DoD Inspector General.

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2. The GAO people made the following points through the course of the meeting:

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- Their purpose was to discover whether GAO had a role to play in this area. The previous Comptroller General had been reluctant to get involved, but the incumbent is interested.
- They had met with several consultants to get their views on potential GAO involvement, and the consultants agreed that GAO did have a role. The GAO people acknowledged that there was no consensus on what that role should be. One of the consultants was said to be ADM Inman, who is a member of the Comptroller General's permanent consultant panel.
- They had also met with the Staff Directors of the HPSCI and SSCI, who were reportedly neutral about the idea.

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- GAO does not have any personnel with sufficient knowledge and experience to analyze the threat estimation process. The proposed effort would be a case study, from threat estimate to approval of system acquisition, to educate the auditors. The end product would be an internal document for the Comptroller General. A decision would then be made about whether further reviews and/or audits would be required. GAO is trying to determine if an audit is needed to ensure that systems which are procured are based on a legitimately defined and documented threat as required by the DSARC process.
- There was a discussion of "major" and "minor" acquisitions. It would appear that "major" acquisitions will be studied ("major" meaning high dollar cost per unit, not high overall program cost).

3. The points made by the DoD representatives can be summarized as follows:

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- MGEN Peck's position throughout was that the threat estimation process did not begin with DoD, but with the DCI, who is responsible for producing NIEs. Accordingly, he suggested that the GAO begin their inquiry with the IC Staff and return to DoD after they had become familiar with the NIE process. GAO said that this was acceptable with them, and MGEN Peck offered Larry Lancaster's services to make contact with the IC Staff.
- A DoD IG representative asked whether the GAO intended to talk to the CIA as well, and MGEN Peck also hinted at that issue. The GAO representatives said that they had no plans to do so, but were not ruling it out.
- was also present, and was asked by MGEN Peck for his views. He replied that there was little dispute within the Community about threat matters where evidence was available. The problems came where there was no evidence, and yet judgements were required. He wondered what good could come of GAO inquiry into that area, since it was so subjective. GAO responded that it did want to look at the area of judgement formulation.

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4. On 28 June, Larry Lancaster called to say that the GAO representatives would not, after all, be calling on the IC Staff or the CIA. [redacted] gave them a briefing on the national process on that date, and they will now go on to spend about three weeks with the estimates branches of DIA and the service intelligence agencies. After that, they will shift over to the systems acquisition process. [redacted]

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